

Office of the
Legislative Fiscal Analyst

FY 2005 Budget Recommendations

Joint Appropriations Subcommittee for
Executive Office and Criminal Justice

Governor's Office of Planning and Budget
Chief Information Officer

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1.0 Summary: Chief Information Officer (CIO)

The Chief Information Officer (CIO) provides strategic direction and oversight to all state agencies on information technology programs and projects.

The Analyst recommends \$388,800 for the CIO in FY 2005.

| | Analyst FY 2005 Base | Analyst FY 2005 Changes | Analyst FY 2005 Total |
|---------------------------|-------------------------------------|--|--------------------------------------|
| Financing | | | |
| General Fund | 388,800 | | 388,800 |
| Total | <u>\$388,800</u> | <u>\$0</u> | <u>\$388,800</u> |
| Programs | | | |
| Chief Information Officer | 388,800 | | 388,800 |
| Total | <u>\$388,800</u> | <u>\$0</u> | <u>\$388,800</u> |
| FTE/Other | | | |
| Total FTE | 5 | | 5 |

2.0 Issues: Chief Information Officer (CIO)

2.1 CIO Operations

Since fiscal year 2001, the Governor’s Office of Planning and Budget has levied a surcharge on Executive Branch agencies to partially subsidize the operations of the Chief Information Officer. For FY 2004, legislators provided one-time General Fund resources pending an ongoing reduction in rates at the Division of Information Technology Management. The Analyst recommends adding \$150,000 to a prioritization list for the Executive Appropriations Committee to fund the CIO’s ongoing operations.

General Fund (tentative)152,000

2.2 Rate Reduction Savings

In its rate deliberations for FY 2004/2005, the Internal Service Fund Rate Committee approved new rates for the Division of Information Technology Services Internal Service Fund. The Analyst recommends the Subcommittee place savings resulting from these rates on a prioritization list for the Executive Appropriations Committee as an offset to the CIO Operations recommendation, above.

General Fund (tentative)(\$152,000)

2.3 Carry-forward Intent Language

In the past, the Legislature granted the Governor’s Office of Planning and Budget – and therefore the CIO – authority to carry into the next year spending authority that remains unused at the end of a fiscal year. The Legislature provided such “non-lapsing” authority via intent language included with the initial appropriation. The Analyst recommends reserving non-lapsing intent language for supplemental action, when the agency has a more detailed accounting of carry-forward needs.

3.0 Programs: Chief Information Officer (CIO)

Recommendation

The Analyst recommends \$388,800 for the Chief Information Officer, located in the Governor's Office of Planning and Budget, as detailed in the table below. This reflects the non-recurrence of \$153,700 in one-time General Fund appropriations, expenditure of non-lapsing funds, and reduced dedicated credits collections. The General Fund non-recurrence is in part (\$1,700) from an extra pay day in FY 2004, but mostly due to a one-time appropriation of \$152,000 pending rate reductions in the Division of Information Technology Services.

| | 2003 Actual | 2004 Estimated* | 2005 Analyst | Est/Analyst Difference |
|---------------------------|------------------|--------------------|------------------|---------------------------|
| Financing | | | | |
| General Fund | 367,000 | 388,800 | 388,800 | |
| General Fund, One-time | | 153,700 | | (153,700) |
| Dedicated Credits Revenue | 156,600 | 1,000 | | (1,000) |
| Beginning Nonlapsing | 123,800 | 182,500 | | (182,500) |
| Closing Nonlapsing | (182,500) | | | |
| Total | \$464,900 | \$726,000 | \$388,800 | (\$337,200) |
| Expenditures | | | | |
| Personal Services | 403,200 | 466,900 | 323,400 | (143,500) |
| In-State Travel | 400 | 900 | 900 | |
| Out of State Travel | 12,800 | 19,700 | 19,700 | |
| Current Expense | 29,000 | 29,600 | 28,600 | (1,000) |
| DP Current Expense | 19,500 | 28,900 | 16,200 | (12,700) |
| Other Charges/Pass Thru | | 180,000 | | (180,000) |
| Total | \$464,900 | \$726,000 | \$388,800 | (\$337,200) |
| FTE/Other | | | | |
| Total FTE | 5 | 5 | 5 | 0 |

*Non-state funds as estimated by agency

Purpose

The Chief Information Officer “is responsible for vision, strategy, direction, guidelines, policies, planning, coordination, and oversight for information technology for all of the executive branch agencies of our State government. The CIO reports to the Governor, and is a member of the Governor's Senior Staff, Cabinet Council, and works with department and IT executives across the state.”¹

The Legislature included in the 2003 Appropriations Act the following intent language related to the CIO:

It is the intent of the Legislature that, should a comprehensive review of Division of Information Technology Services costs, products, and rates result in ongoing savings to the General Fund of at least \$152,000 beginning in FY 2005 or prior, the Office of the Legislative Fiscal Analyst shall recommend to the Legislature an ongoing General Fund appropriation increase of \$152,000 beginning in FY 2005 for the Chief Information Officer.

¹ State of Utah Chief Information Officer. January 25, 2003. www.cio.utah.gov.

Use ITS rate savings to fund ongoing CIO operations

The Division of Information Technology Management reduced its rates sufficient to generate nearly \$1,000,000 in savings for FY 2005. As such, given the intent expressed by the Legislature in the 2003 General Session, the Analyst recommends the Executive Offices and Criminal Justice Appropriations Subcommittee place two items on a prioritization list for the Executive Appropriations Committee

1. \$152,000 ongoing from the General Fund for CIO operations previously subsidized by collections from various state agencies.
2. (\$152,000) in savings due to lower rates at ITS.

Seek better information on carry-forward allowance

For years the Governor's Office of Planning and Budget (GOPB) – and therefore the CIO – received blanket approval to carry forward funds from one year to the next. The Analyst understands that the ability to carry unspent funds from year to year allows agencies to upgrade equipment and provide for long term planning. However, the Analyst believes such authorization should be tied to specific projects and approved by the legislature in accordance with the Budgetary Procedures Act:

UCA 63-38-8.1(3) (a) Each agency that wishes to preserve any part or all of its appropriation balance as nonlapsing shall include a one-time project's list as part of the budget request that it submits to the governor and the Legislature at the annual general session of the Legislature immediately before the end of the fiscal year in which the agency may have an appropriation balance.

The Analyst believes that the CIO should present to the Governor and Legislature a specific request for non-lapsing authority. Given that each line item received non-lapsing authority last year, there is no requirement for such a request in FY 2004. For FY 2005, the Analyst recommends that no authority be provided until the 2005 Legislative session when the CIO will have a better idea of what balances will be available.

4.0 Additional Information: Chief Information Officer (CIO)**4.1 Funding History**

| | 2001 | 2002 | 2003 | 2004 | 2005 |
|---------------------------|---------------|---------------|------------------|-------------------|------------------|
| Financing | Actual | Actual | Actual | Estimated* | Analyst |
| General Fund | | | 367,000 | 388,800 | 388,800 |
| General Fund, One-time | | | | 153,700 | |
| Dedicated Credits Revenue | | | 156,600 | 1,000 | |
| Beginning Nonlapsing | | | 123,800 | 182,500 | |
| Closing Nonlapsing | | | (182,500) | | |
| Total | \$0 | \$0 | \$464,900 | \$726,000 | \$388,800 |
| Programs | | | | | |
| Chief Information Officer | | | 464,900 | 726,000 | 388,800 |
| Total | \$0 | \$0 | \$464,900 | \$726,000 | \$388,800 |
| Expenditures | | | | | |
| Personal Services | | | 403,200 | 466,900 | 323,400 |
| In-State Travel | | | 400 | 900 | 900 |
| Out of State Travel | | | 12,800 | 19,700 | 19,700 |
| Current Expense | | | 29,000 | 29,600 | 28,600 |
| DP Current Expense | | | 19,500 | 28,900 | 16,200 |
| Other Charges/Pass Thru | | | | 180,000 | |
| Total | \$0 | \$0 | \$464,900 | \$726,000 | \$388,800 |
| FTE/Other | | | | | |
| Total FTE | | | 5 | 5 | 5 |

*Non-state funds as estimated by agency.